

Investing in
Portland's Future



This document constitutes the official meeting record of the January 13, 2010, Portland Development Commission Board of Commissioner's meeting held at 222 NW Fifth Ave., Portland, OR 97209.

I. CALL TO ORDER AND ROLL CALL

Chair Scott Andrews called the meeting to order at approximately 3:04 p.m.

J. Scott Andrews
Commission Chair

Ms. Renee Castilla, acting as recording secretary for the Board, called the Commission roll:

Bertha Ferrán
Commissioner

Chair Scott Andrews	PRESENT
Commissioner Bertha Ferran	PRESENT (Arrived at 3:05 p.m.)
Commissioner John Mohlis	PRESENT
Commissioner Steven Straus	PRESENT
Commissioner Charles Wilhoite	PRESENT

John C. Mohlis
Commissioner

Steven Straus
Commissioner

Chair Andrews explained at the last meeting he deferred the Block 33 item until this meeting, however, due to the complexity of the subject; staff has deferred the item until February 24, 2009. Chair Andrews noted conversations to renegotiate terms were successful.

Charles A. Wilhoite
Commissioner

Chair Andrews also welcomed in the New Year, 2010 and stated the year's focus would be on jobs. Retaining and creating new jobs would be the top priority of the agency.

Sam Adams
Mayor

II. MEETING MINUTES

Chair Andrews called for a motion to adopt the meeting minutes of December 9, 2009.

Bruce A. Warner
Executive Director

Commissioner Ferran moved and Commissioner Mohlis seconded the motion to adopt the meeting minutes of December 9, 2009.

AYES: Andrews, Ferran, Mohlis, Straus, Wilhoite
 NAYS: None

III. EXECUTIVE DIRECTORS REPORT

Mr. Bruce Warner presented Report No. 10-01, titled, "Executive Director Report". He highlighted the following:

- In December we graduated our first class of 25 staff members who completed the 12-week project management class offered by PDC and Portland State University. The Project Management Office at PDC has worked with PSU to tailor a PM class specifically to the needs of our staff. The training covers the skills necessary to successfully manage a project from start to finish including project initiation and planning, environmental due diligence, construction management, working with external stakeholders, navigating conflicts and project closing. The course will start again in February and interested staff members must receive approval from their supervisors to attend. I am pleased that we are able to offer this valuable training to staff and am also pleased to see that there is a high level of interest among the staff to attend;



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- Most everyone at PDC is involved in some aspect of the 2010-11 budget development process. In December forecasts were completed and project descriptions were updated. We received input from the various urban renewal advisory committees and the leadership team reviewed draft budgets. We are proceeding on schedule for the first review of materials by the PDC Board and Mayor Adams in mid-January;
- Met with city council delegation from Christchurch, New Zealand with Lew Bowers;
- Assisted at annual staff holiday breakfast (along with Commissioner Ferran);
- PDC Business Finance team recently worked on a financing package for Bridgetown Natural Foods, Inc., a food manufacturer specializing in breakfast bars, granola and specialty cookies. Bridgetown started operating in Portland in February 2009 with seven full time employees; when the company met with PDC in June 2009, it had 13 employees and by December 2009, had grown to 40 FTE, operating on three shifts, six days per week. Bridgetown is part of the traded sector, with 100 percent of revenues generated from outside Oregon; major customers include Kellogg's, Nest Naturals, Honest Foods and Skout. Meanwhile, the company supports local vendors for ingredients such as Grain Millers (Eugene), North Pacific (Clackamas), and Glory Bee (Eugene). With financial assistance from PDC, the Oregon Business Development Department and Albina Community Bank, Bridgetown is investing in \$1 million in new and used equipment and expanding from their 4,000 square foot facility in inner SE Portland to a 66,500 square foot facility (10+ year lease) in the Lents Town Center URA;
- PDC partnered with ROSE Community Development Corporation, Proud Ground and Portland YouthBuilders (PYB) to build two, LEED Gold Certified, affordable homes featuring high-performance, renewable and environmentally-friendly materials and practices in the Lents neighborhood in southeast Portland. The project received technical support from Earth Advantage, Energy Trust of Oregon, Oregon Institute of Technology and Imagine Energy. A grand opening took place on December 11 at the home sites at S.E. 86th and Liebe - which were donated by Multnomah County through the county's Affordable Housing Development program. Both houses were built by Portland YouthBuilder (PYB) students and construction trainers using green features such as advanced framing that reduced lumber use, formaldehyde-free cabinets built within 50 miles of the site, solar hot water heaters and water-efficient landscaping. One of the homes is fully wheelchair-accessible. PDC provided financial support for the construction project, which meets community goals for first-time, affordable homeownership opportunities for low-and moderate- income households. The project also supports the Lents Town Center urban renewal area plan goals related to revitalization, and at the same time provides the community's young people with valuable career-path training and skills. The PYB students working on the project gained green building skills that will give them a competitive advantage in pursuing living-wage careers in sustainable construction;
- On December 2 PDC, Portland Parks Bureau, the development firm of LAB Holding LLC, design firms of Meyer, Scherer & Rockcastle, and The Office of Cheryl Barton, held an open house to review the 50 percent schematic design of Centennial Mills and provide an update on The Fields Neighborhood Park conceptual design. More than 70 people attended the open house and provided feedback on the redevelopment proposal for a vibrant, mixed-use project including significant public open space and preservation and reuse of the site's historic structures. A follow-up public presentation is scheduled for January 19 when the team will present final schematic design for Centennial Mills, updated schematic design for The Fields Park, and concept options for the pedestrian

bridge that will link the two projects and provide access from the Pearl District to the Willamette River;

- On December 18 PDC sponsored and organized the Oregon Sustainability Center (OSC) Business Breakfast. This event served to roll out and showcase the innovative OSC project to key businesses and donors and to present partnership opportunities related to research, commercialization, and the implementation of Portland's Five-Year Economic Development Strategy. Approximately seventy people attended, including representatives from Solar World, Intel, and Iberdrola, as well as PDC's Erin Flynn and board member Steve Strauss. Speakers included Mayor Adams, Nancy Hamilton representing Governor Kulongoski's office, PSU President Wim Wiewel, and Wally Van Valkenburg from Stoel Rives who highlighted the importance of this project to Portland's economic growth and the role of the private sector in helping to make the Oregon Sustainability Center a reality. A newly-created website provides additional information about the project, fundraising and tenancy in the building:
www.oregonsustainabilitycenter.org;
- On December 22 PDC funded a \$1.2 million commercial redevelopment loan to New Avenues for Youth, which provides services to "at risk" youth: Alternative high school, case management, transitional housing, homeless youth program, juvenile detention diversion program, and job training. PDC's funding will help New Avenues acquire an 85 year old, 17,500 sq ft commercial building at 820 SW Oak Street in the River District URA and complete building improvements as well as the rehab of the second floor, which will become a new job training center. The grand opening for the job training center will be May 16th, 2010 in honor of the Portland Rotary Club's 100th anniversary and to celebrate that organization's \$500,000 contribution;
- The Annual Diversity in Contracting Report is scheduled to be presented to the PDC Board on January 27, 2010;
- Apprentice participation was down this month on all three projects currently under construction in the South Waterfront Central District. Participation by people of color continues to well exceed the established goals. Participation by women still continues to be a struggle but is up this month. This month's report includes workforce hours for October, and the 2009/10 fiscal year to date. The goals for the 2009/2010 fiscal year are 18% participation by people of color and 12% participation by women. Workforce diversity among apprentice workers continues to lead diversity efforts. The total female apprentice hours represent 19.31% of the total apprentice hours, or over 7 percentage points ahead of the combined journey/apprentice goal of 12%, for the fiscal year of the apprentice hours that have been worked in this month, 32.77% have been worked by people of color. These numbers have remained fairly consistent over the last couple of months, which is encouraging, given the slowdown in work being performed at South Waterfront. Continuing efforts are being made to link contractors with Community Based Organizations to improve these numbers. The summary table below represents the total workforce diversity (apprentice and journey level workers) for the three projects referenced above:

Goal	Women	People of Color	Apprentice	Difference
12%	7.28%			[4.72%]
18%		26.70%		+8.7%
20%			25.71%	+5.71%

Commissioner Straus commented he attended the Oregon Sustainability Center Breakfast and was impressed with the amount of interest in center and those wanted to participate.

Chair Andrews stated he has agreed to participate on the Bureau of Housing Budget Committee in addition to the Oregon Sustainability Center Advisory Committee.

Commissioner Mohlis commented he attended the celebration for the grand opening of the home sites at S.E. 86th and Liebe - built by Portland YouthBuilder (PYB) students and construction trainers. He said the owners of one unit were present and were pleased with the final outcome.

IV. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

As there were no public comment for items not on the agenda, Chair Andrews moved to the consent agenda.

V. CONSENT AGENDA

Chair Andrews call for a motion to adopt the consent agenda.

Commissioner Ferran moved and Commissioner Straus seconded the motion to adopt the consent agenda:

Resolution No. 6757, titled, "Appoint a New Member to the Interstate Corridor Urban Renewal Advisory Committee Representing the Humbolt Neighborhood Association."

Resolution No. 6758, titled, "Requesting City Council Issue Bonds for the City's Urban Renewal Areas; Pledging Revenues from those Areas to those Bonds; Covenanting to Impose Special Levies; and Authorizing Additional Covenants."

Resolution No. 6759, titled, "Resolution Requesting the Portland City Council to Issue Bonds Payable from the Lents Town Center Urban Renewal Area Tax Increment Revenues; Authorizing Pledging Revenues from that Area; and Providing for Related Matters."

AYES: Andrews, Ferran, Mohlis, Straus, Wilhoite

NAYS: None

AJDOURN PDC BOARD MEETING AND CONVENE PDC AUDIT COMMITTEE

Chair Andrews adjourned the regular PDC board meeting and convene the PDC Audit Committee.

VI. FISCAL YEAR 2009 COMPREHENSIVE ANNUAL FINANCIAL REPORT AND AUDIT PRESENTATION

Ms. Julie Cody and Ms. Jane Kingston presented Report No. 10-05, titled, "Fiscal Year 2009 Comprehensive Annual Financial Report and Audit Presentation."

Ms. Julie Cody explained PDC's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2009, satisfies ORS 297 Municipal Audit Law, which requires municipal corporations to undergo an annual audit and subsequently publish financial statements that include the auditor's opinion on the financial condition and results of operation for the period under audit. Additionally, PDC's charter requires the Commission to undergo an annual independent audit by a licensed Municipal Auditor. She said the accounting firm of Moss

Adams, LLP (MA), conducted the audit of the PDC's FY 2008-09 financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified (clean) opinion that PDC's financial statements for the fiscal year ended June 30, 2009, are fairly presented in accordance with accounting principles generally accepted in the United States of America.

Ms. Jane Kingston said each year our external auditor also provides a letter to the governing Board of Commissioners discussing significant matters of interest noted during the course of the annual fiscal year-end audit. The external auditor's letter is addressed to the PDC Audit Committee so that it can appropriately discharge its oversight responsibility and so that MA is in compliance with its professional responsibilities to the Audit Committee. As PDC management is responsible for financial reporting and disclosure, we have prepared responses to the issues noted in the external auditor's letter. Management has prepared these responses to keep the Audit Committee informed of our plans to address the issues raised by the auditor's communication.

Mr. Drummond Kahn, Audit Services Director, City of Portland, provided a brief background of the contracting process that selected Moss Adams. He also stated PDC staff and the staff from Moss Adams has been good to work with and the subsequent work has been well received.

Mr. Jim Lanzarotta, Moss Adams, walked the commissioners through the audit presentation and the concerns Moss Adams auditors found. One concern of note was lack of a Conflict of Interest Policy, however, he noted before the conclusion of the audit, such a policy had been drafted and approved. He said of particular notice was the use of memberships and sponsorship payments and cautioned it was important to provide additional documentation when a PDC representative is involved with the agency receiving such funds. He commented two audit findings were repeated from last year: loans receivable - properties securing loans had been sold without PDC's knowledge; duplicate vendors – vendors again duplicated in the PDC system. He concluded ultimately it was a successful process and expressed his thanks to PDC and City of Portland staff.

Chair Andrews called for a motion to adopt Resolution No. 6760, titled, "Fiscal Year 2009 Comprehensive Annual Financial Report and Audit Presentation."

Commissioner Wilhoite moved and Commissioner Ferran seconded the motion to adopt Resolution No. 6760.

AYES: Andrews, Ferran, Mohlis, Straus, Wilhoite
NAYS: None

AJDOURN PDC AUDIT COMMITTEE AND RECONVENED PDC BOARD MEETING

Chair Andrews adjourned the PDC Audit Committee and reconvened the regular PDC board meeting.

VII. RENEWAL OF PORTLAND REGIONAL LEAD HAZARD CONTROL PROGRAM

Mr. Richard Sassara presented Report No. 10-06, titled, "Renewal of Portland Regional Lead Hazard Control Program."

Mr. Sassara stated the PHB was awarded a \$4 million dollar Lead Hazard Control grant from HUD for the control of lead-based paint hazards in low income single-family and multi-family housing units in the Portland metropolitan area. PDC was selected for this contract based upon

having run the program successfully over the last 13 years and PDC having met or exceeded all performance goals. In addition, PDC has the qualified staff and internal infrastructure to administer this program on the behalf of the City of Portland. He said the City has contracted with PDC to administer a HUD Lead Hazard Control grant since 1998, resulting in remediation of 1,176 housing units. As part of the Regional Lead Hazard Control Program, PDC coordinates lead hazard inspections, relocation, and lead hazard control work in low and moderate-income homes independently and in association with other programs within the Portland metropolitan area.

Mr. Sassara explained the Intergovernmental Agreement is a one year agreement even though the program is a three year program. This is because the merger between the PDC's Housing Department and the Portland Housing Bureau is expected to be completed prior to the end of this IAA's expiration on December 31, 2010. Once the merger is final it is anticipated that this agreement will be terminated, since PDC lead program staff will then be transferred to the PHB. PDC and PHB management are also aware that they need to sort out how all related grant agreements and loan documents issued for this program prior to the merger will be serviced and transferred as a result of the pending merger.

Mr. Sassara stated the action would authorize the Portland Development Commission (PDC) to enter into a \$1,490,532, 12-month Interagency Agreement (IAA) with the Portland Housing Bureau (PHB) to continue to administer the Portland Regional Lead Hazard Control Program (PRLHCP). The IAA will run from January 1, 2010 through December 31, 2010.

Commissioner Ferran asked where the program did most of its work.

Mr. Sassara replied the program is throughout the URAs however, it is heavily concentrated in N/NE Portland due to the large number of homes under the age of 1930. Mr. Sassara also explained PDC staff work with the homeowner throughout the entire process. They identify the needs of the home, work to find a contractor and then oversee the work on the home.

Chair Andrews called for a motion to adopt Resolution No. 6761, titled, "Renewal of Portland Regional Lead Hazard Control Program."

Commissioner Mohlis moved and Commissioner Wilhoite seconded the motion to adopt Resolution No. 6761.

AYES: Andrews, Ferran, Mohlis, Straus, Wilhoite
NAYS: None

VIII. DISPOSITION AND DEVELOPMENT AGREEMENT WITH PIEDMONT COMMUNITY DEVELOPERS, LLC FOR THE REDEVELOPMENT OF THE KING/PARKS PROPERTY LOCATED AT 6431-6445 NE MARTIN LUTHER KING JR. BLVD

Mr. John Warner presented Report No. 10-07, titled, "Disposition and Development Agreement with Piedmont Community Developers, LLC for the Redevelopment of the King/Parks Property located at 6431-6445 NE Martin Luther King Jr. Blvd.

Mr. Warner explained in April 2006 PDC released a request for proposals (RFP) for redevelopment of the site. PDC received one response to the RFP, that from Walsh Investment Company, headed by Tom Walsh, Sr. with Tom Walsh, Jr. as a partner. Walsh originally proposed a mixed-use building with approximately 10,000 square feet of ground floor commercial space and 57 residential condominiums on the upper three floors. The proposal also included 71 covered parking spaces. Both PDC staff and the project's citizen advisory committee viewed this proposal unfavorably. However, in discussions with Walsh after the close

of the RFP, PDC determined that 1) despite problems with the original proposal, Walsh was a qualified and desirable development partner; and 2) Walsh's willingness to significantly alter the proposed design/program represented an inducement for PDC to continue work with the team. In short, it made more sense to redesign the existing proposal with a qualified development partner than to re-solicit, especially given that PDC received only a single response to the original RFP. In determining this, PDC sent Walsh "back to the drawing board", to redesign the project both to meet PDC subsidy availability and community desires for a more neighborhood-friendly building. Mr. Warner said during the redesign process, Tom Walsh, Sr. retired, turning the project over to his son Tom Walsh, Jr. who has been leading the project ever since through his own company Cityhouse Builders.

Mr. Warner stated a principal emphasis of Tom Walsh, Jr. redesign/reprogramming of the project was to create a project that was financially feasible and acceptable to stakeholders. In conjunction with Ankrom Moisan Architects, the project was redesigned to diminish the mass of the original proposal while creating a number of townhome units on the west side of the property that would more closely mirror the existing units on NE Garfield Ave. Somewhat ironically, the redesign showed mixed-use commercial buildings on NE Martin Luther King, Jr. Blvd. at the corners on Highland St. and Portland Blvd., very similar to the original SERA Architects Piedmont Place design. The project that emerged and the one the disposition and development agreement memorializes includes 16 attached townhomes, 8 residential "loft-style" units, and approximately 6,600 square feet of ground floor commercial space. All residential townhomes will be made permanently affordable through the Proud Ground land trust model to families earning 60%-80% of area median family income. The ground floor commercial space will be condominiumized to allow the units to be sold should there be demand. Otherwise, the developers plan to hold the commercial units until they can be refinanced, currently projected in year 15 of the project.

Mr. Warner said PDC would provide construction loans to the project of up to \$2,100,000 in phase 1 and up to \$1,050,000 in phase 2. Permanent subsidy from tax increment financing funds will be \$1,450,000 in phase 1. In phase 2, PDC will provide up to \$350,000 in second mortgage funds. All construction loan funding is subject to PDC Loan Committee approval. PDC will transfer the property to the developer and grant the value of the land to the project providing conditions of the disposition and development agreement are met. The appraised value of the property without development restrictions is \$1,000,000.

Mr. Tom Walsh Jr. expressed his thanks to PDC staff and the Piedmont Neighborhood Association. He explained he was excited about the project moving forward. He said they intend to meeting all green and LEED requirements for the project.

Commissioners Andrews asked if the zoning requirements of the site; housing versus commercial would requiring rezoning applications. Further, he asked how those applications would be timed with phase I and II.

Mr. Warner explained project staff plan on a single application for development for a timely move in phase II planning.

Commissioner Wilhoite asked for the circumstances behind granting the land to the developer for the project in addition to providing loans on both phases.

Mr. Warner explained the plan for the area calls for several items to be considered when planning development. The project must:

- Focus on key commercial nodes, particularly those along N.E. Martin Luther King Jr. Boulevard;
- Promote ownership by residents in the Albina Community;
- Improve the image and function of Martin Luther King Jr. Boulevard;
- Encourage housing to be built in areas zoned for residential and mixed use;
- Improve the quality and quantity of housing for Albina residents. Provide a variety of housing types for households of all sizes and incomes;
- Add 3,000 new housing units to the Albina Community Plan Study Area over the next twenty years [1993-2013];
- Provide opportunities for home ownership for Albina residents. Emphasize infill development that accommodates owner-occupancy and is compatible with the surrounding neighborhood.
- Support multi-dwelling and mixed commercial development along portions of Martin Luther King Jr. Boulevard [Piedmont]; and
- Support the creation and growth of neighborhood commercial nodes in Woodlawn.

Mr. Warner explained PDC is asking the developer to include aspects that would increase the cost of development, i.e., affordable housing, M/W/ESB requirements, green standards, etc. He said is PDC's social responsibility to include these features, therefore, they do the land grant to offsite the cost to the developer for these additional requirements.

Commissioner Wilhoite stated it was important for the public to note the significance of the aspects of the development in order to understand the land grant feature of the project.

Commissioner Straus expressed his thanks to Tom Walsh Jr. and asked if he could consider, when developing the property, to put the utilities underground. In addition, he stated it was important to make the aesthetic of the building matches those around it as MLK Jr. Blvd, is a high profile throughway.

Commissioner Ferran asked if the Phase II mixed used portion would anticipate owner-occupied businesses.

Mr. Walsh Jr. responded they would love to see owner-occupied units and would be willing to work with business owners to make that possible.

Chair Andrews called for a motion to adopt Resolution No. 6762, titled, "Disposition and Development Agreement with Piedmont Community Developers, LLC for the Redevelopment of the King/Parks Property located at 6431-6445 NE Martin Luther King Jr. Blvd."

Commissioner Ferran moved and Commissioner Wilhoite seconded the motion to adopt Resolution No. 6762.

AYES: Andrews, Ferran, Mohlis, Straus, Wilhoite
 NAYS: None

IX. ADOPTION OF MAIN STREET PROGRAM GUIDELINES

Ms. Erin Flynn and Ms. Claudia Plaza presented Report No. 10-08, titled, "Adoption of Main Street Program Guidelines."

Ms. Flynn stated the action would adopt guidelines for the Portland Main Street Program (the Program) in order for the Portland Development Commission (PDC) to establish and begin to administer the Program as directed in the 2009 Economic Development Strategy (the Strategy) adopted by City Council on July 8, 2009. She said the Program is an overarching organizational tool based on the Main Street model developed by the National Trust Main Street Center (the Main Street Center), a division of the National Trust for Historic Preservation. The Main Street model incorporates a comprehensive Four-Point Approach encompassing organization, promotion, design, and economic restructuring. In addition to the Four-Point Approach, the Program will highlight sustainability as a core value underpinning support for local businesses, neighborhood values, and environmental stewardship. The Program teaches a practical neighborhood business district management strategy, in order to revitalize older, traditional business districts.

Ms. Flynn said under the Program, PDC, in coordination with the Main Street Center, will provide Participating Districts with certain technical and financial assistance in order to achieve commercial revitalization. The assistance will be substantially greater over the initial years of the Program when training is heaviest. Participating Districts will be chosen by PDC through a competitive selection process. To be eligible, Districts must meet eligibility requirements, and an established set of criteria as listed in the Main Street Manual which accompanies the Main Street Application. She said establishing the Program is a high priority of Mayor Adams. For FY 2009-2010, City Council has approved \$500,000 in General Funds to establish the Program. Up to four participants for the Program will be selected through a competitive process, and the approved districts will be announced in June 2010. For 2009-2010, business districts must be located outside urban renewal areas in order to apply. Subject to additional Program financing, it is expected that additional opportunities to apply will become available on an annual basis after the initial year.

Ms. Claudia Plaza stated in 2008, National Main Street Center staff, the Oregon Main Street Program Executive Director, Planning Bureau staff, and PDC staff toured Portland neighborhoods. The National Main Street staff then wrote a report of their observations and recommendations for Portland becoming a Coordinating Partner of the Main Street Center (Center). This analysis became the basis on which the contract for services with the Center is being developed. Part of the contract is an implementation schedule recommended by the Center. Portland will become the first citywide Main Street Coordinating Partner with the Main Street Center west of the Mississippi River. She said the Main Street Center teaches a methodology called the "Main Street Approach," which revolves around a Four-Point strategy:

1. **Organization** – build a framework that is represented by businesses and property owners, residents, public officials, and other local business service providers;
2. **Promotion** – create excitement in the commercial district;
3. **Design** – enhance the attractiveness of the business district, and enhance its perception as a clean, safe place; and
4. **Economic Restructuring** – analyze current market forces to develop long-term solutions.

Ms. Plaza explained the Program works because it encourages communities to use a comprehensive and intentionally incremental approach to revitalizing the target area (business district), requires long-term attention, community support and involvement, and a full

public/private partnership that is expected to last indefinitely. Participants in the Program are selected through a competitive process. Those interested in applying will be trained the week of February 1, 2010, on how to complete the application, and PDC staff support will be available during the three-month period when applications are being prepared. Applications will be due May 7, 2010. A Selection Committee will review applications and recommend up to four applicants. PDC's Executive Director will make the final selection of Districts by June 3, 2010, and Districts will be announced the week of June 7, 2010.

Ms. Plaza further explained the Program will provide each District more than \$50,000 worth of high-quality technical assistance and training, including National Main Street Center staff consultations in the local Programs' initial start-up years, organizational development, fund raising, marketing, business recruitment, adaptive reuse of older buildings, and other specialized training. PDC's Program Coordinator will provide on-going technical support. Design assistance will be provided by a consulting architect trained in the Main Street design approach. Additionally, Main Street Program funds have been budgeted so each District will receive a 1:1 matching grant for operating expenses, including the salary of a full-time Program Manager, a 1:1 matching grant for promotions, and a District Improvement grant. Participants will also have an opportunity to apply for a Green Grant from the Portland Main Street Program. All grant funds will be administered by PDC and awarded by recommendations of the Main Street Advisory Committee. Depending on the availability of citywide Storefront funds, PDC's Storefront Program will target funds for Designated Districts to apply for Storefront Grants.

Mr. John Baker representing the Alliance of Portland Neighborhood Business Associations expressed his support of the Main Street Program and guidelines.

Commissioner Wilhoite commented it was an exciting concept and was pleased to see a program utilizing dollars outside of the urban renewal areas.

Chair Andrews called for a motion to adopt Resolution No. 6763, titled, "Adoption of Main Street Program Guidelines."

Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion to adopt Resolution No. 6763.

AYES: Andrews, Ferran, Mohlis, Straus, Wilhoite
NAYS: None

X. AMENDMENT NO. 1 TO THE FIRST AMENDED AND RESTATED DDA FOR ONE WATERFRONT

Chair Scott Andrews and Commissioner Steven Straus stated an actual conflict of interest and stated they would not be participating in the conversation. Chair Andrews asked Commissioner Mohlis to assume the role of Chair for this item.

Mr. Peter Englander presented Report No. 10-09, titled, "Amendment No. 1 to the First Amended and Restated DDA for One Waterfront".

Mr. Englander stated PDC issued a development offering in July 1999 for development of an office building and parking garage on 3.2 acres of PDC-owned property in the River District URA. A selection committee chose the Redeveloper to develop the project. PDC and Redeveloper subsequently entered into a Disposition and Development Agreement on September 13, 2000. Due to market forces outside the control of Agency and Redeveloper, the

project as originally drafted became infeasible. Therefore, the schedule of performance was extended seven times by:

- Amendment Number 1, dated January 24, 2002;
- Amendment Number 2, dated December 5, 2002;
- Amendment Number 3, dated December 10, 2004;
- Amendment Number 4, dated June 14, 2006;
- Amendment Number 5, dated July 6, 2007;
- Amendment Number 6, dated July 11 2007; and
- Amendment Number 7, dated November 13, 2007.

Mr. Englander stated the redeveloper purchased the northerly 1.31-acre Building Site from PDC on September 19, 2000, for \$1,546,804. PDC continues to own the southerly 1.91-acre Garage Site. Again, due to market forces outside the control of PDC and Redeveloper, the project as originally drafted and as amended became infeasible. The Board adopted Resolution No. 6550 authorizing the Executive Director to enter into the First Amended and Restated Disposition and Development Agreement (DDA) on January 9, 2008. The DDA was subsequently executed on January 9, 2008. The DDA calls for PDC, under certain terms and conditions, to sell the Garage Site to Redeveloper and to design and construct a pedestrian bridge, and for Redeveloper, under certain terms and conditions, to purchase the property from PDC, and to construct a commercial, Class "A" office building of approximately 250,000 square feet, an above-grade parking garage containing a minimum of 500 parking spaces, and other related infrastructure and site improvements (Attachment C). He explained the redeveloper has spent over \$2.0 million in predevelopment costs to date and has the project fully entitled including Design Review approval.

Mr. Englander explained the action authorizes the Executive Director of the Portland Development Commission (PDC) to execute a First Amendment to the First Amended and Restated Disposition and Development Agreement (DDA) with One Waterfront Place, LLC and Madrona Park, LLC (Redeveloper). The First Amendment will: (1) extend the date by which the conditions to Closing must be satisfied by 12 months, from January 15, 2010, to January 14, 2011; (2) modify the terms by which Redeveloper can demonstrate financial feasibility for the project; (3) modify PDC's obligations pertaining to the pedestrian bridge to be contingent upon Redeveloper's demonstration of financial feasibility for the project and allow PDC 28 months from the Conveyance of Garage Site date to satisfy these conditions; and (4) require Redeveloper to submit quarterly progress reports.

Mr. Jim Winkler expressed his thanks to the Board and PDC staff for their assistance and understanding of the delays of the project. He said he remains hopeful the economy will turn around and he will be able to gain an anchor tenant.

Mr. Bob Naito expressed his optimism they would be able to complete the project. He thanked the Board and PDC staff for their support.

Commissioner Ferran expressed her support of the project. However, she said she remained concern the project has seen so many delays and said ultimately the project must have an end date if they are unsuccessful.

Commissioner Wilhoite stated he knows the projects both Mr. Winkler and Mr. Naito have worked on and values their expertise.

Chair Mohlis called for a motion to adopt Resolution No. 6764, titled, "Amendment No. 1 to the First Amended and Restated DDA for One Waterfront."

Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion to adopt Resolution No. 6764.

AYES: Ferran, Mohlis, Wilhoite
NAYS: None
ABSTAIN: Andrews, Straus

Chair Mohlis relinquished the role of Chair to Commissioner Andrews.

Mr. Eric Iverson stated due to the abstentions on Resolution No. 6764, the amendment cannot take effect for thirty days. He also noted the DDA is due to expire before the effective date; however, he explained Executive Director Bruce Warner was given authority by the Board in the last resolution to extend the DDA for a short duration. He stated they would process a short extension of the first amended and restated DDA; once the thirty day effective date took effect, they would process Amendment No. 1.

XI. ADJOURN

There being no further business, Chair Andrews adjourned the meeting at 5:33 p.m.